

RECEIVED
FEC MAIL

OPERATIONS CENTER

1005 JAN 28

Supplementary for
Information found on
Page 7 of Schedule C**SCHEDULE C-1****LOANS AND LINES OF CREDIT FROM LENDING INSTITUTIONS**

Federal Election Commission, Washington, D.C. 20463

Name of Committee (in Full)

NEA Fund for Children and Public Education

FEC IDENTIFICATION NUMBER

C09003254

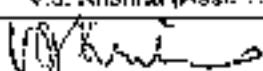
LENDING INSTITUTION (LENDER)		Account of Loan	Interest Rate (APR)
Firm Name Manufacturers & Traders Trust Co.		100000.00	5.00 %

Mailing Address 100 New York St., NW	Date Incurred or Established	10/28/2004
City Washington	State DC	Zip Code 20006

A. Has loan been restructured? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	If yes, date originally incurred:		
B. If line of credit, Amount of this Draw:	Total Outstanding balance:	100000.00	
C. Are other parties secondarily liable for the debt incurred? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (Parties and guarantors must be reported on Sch. C)			
D. Are any of the following pledged as collateral for the loan: real estate, personal property, goods, negotiable documents, certificates of deposit, chattel papers, stocks, accounts receivable, cash on deposit, or other similar traditional collateral? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes If yes, specify:	What is the value of the collateral?	.00	
E. Are any future contributions or future receipts of interest income, pledged as collateral for the loan? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes If yes, specify:	Does the lender have a perfected security interest in it? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	What is the estimated value?	.00

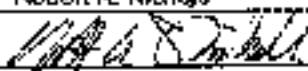
A depository account must be established pursuant to 11 CFR 100.62 and 100.142.	Location of account
Date account established:	Address:
	City, State, Zip:

F. If neither of the types of collateral described above was pledged for this loan, or if the amount pledged does not equal or exceed the loan amount, state the basis upon which this loan was made and the basis on which it assures repayment.
Large membership base-historical computation levels and client reputation

G. COMMITTEE TREASURER Typed Name: V.J. Krishna (Asst. Treasurer) Signature: 	DATE 01 28 2005
--	--------------------

H. Attach a signed copy of the loan agreement.

I. TO BE SIGNED BY THE LENDING INSTITUTION: I. To the best of this institution's knowledge, the terms of this loan and other information regarding the execution of this loan are accurate as stated above. II. This loan was made on terms and conditions (including interest rate) no less favorable at the time than those imposed for similar extensions of credit to other borrowers of comparable creditworthiness. III. This institution is aware of the requirement that a loan must be made on a basis which assures repayment, and has complied with the requirements set forth in 11 CFR 100.62 and 100.142 in making this loan.
--

AUTHORIZED REPRESENTATIVE Typed Name: Robert A. Nichols Signature: 	DATE 01 28 2005
Title: Branch Mgr.	



COMPANY GENERAL CERTIFICATE

FROM: NATIONAL EDUCATION ASSOCIATION FUND FOR CHILDREN AND PUBLIC EDUCATION (the "Company")

The undersigned hereby certifies that he/she has the power and authority to execute and deliver this Company General Certificate to Manufacturers and Traders Trust Company, M&T Bank, National Association, M&T Real Estate, Inc., and any of their affiliates (any or collectively, a "Lender") on behalf of the Company. The undersigned further certifies that the following are true and correct:

- Resolutions.** The resolutions attached as Schedule A (the "Resolutions") were duly adopted by the Company's board of directors (if a corporation), members (if a limited liability company), partners (if a general partnership) or such other governing body as may be applicable to the Company, at a meeting duly called and held, or by unanimous consent, on ✓, 20 ; that none of the Resolutions have been rescinded, revoked or modified in any way; that each Resolution is in full force and effect on the date of this Certificate; and that neither any of the Resolutions nor any action taken or to be taken pursuant to any of the Resolutions violates, or will result in any violation of, any statute, regulation or other law applicable to the Company or the governing documents applicable to the Company, or any instrument, agreement or document to which the Company is a party, or by which the Company or any of its assets is bound.
- Incumbency.** Each person whose name appears below, opposite a title/position ("Position"), has been duly elected or appointed to and qualified for such Position at the Company and that on the date of this Certificate such person holds such Position; and that each signature appearing below is a true specimen of the signature of the person whose signature it purports to be.

<u>NAME</u>	<u>TITLE/POSITION</u>	<u>SIGNATURE</u>
John Wilson	Treasurer	

- Organization and Standing.** The Company is duly organized, validly existing and in good standing under the laws of the STATE OF MARYLAND. No petition for dissolution has been filed or is pending. The Company has, and at the time of adoption of the Resolutions had, full power and lawful authority to adopt the Resolutions and to confer the powers granted in them to the Position or persons named or referenced in said Resolutions including any delegation of powers; and any person holding such Position or the person so named shall have full power and lawful authority to exercise those powers. No other action or consent of any other person or entity is necessary in order for this Certificate or the Resolutions to be effective.

Date: 10-27-04, 2004

* John Wilson, Treasurer of the Company
 (name, title)

NOTE: If the person signing above is authorized to transact business by any Resolutions, this Certificate should be attested by a second officer, director, member or partner of the Company, unless the Company is owned by a single owner (e.g., shareholder, member) and has no other officer, director or member.



CREDIT AGREEMENT

Maryland

10-27-2004

BORROWER: NATIONAL EDUCATION ASSOCIATION FUND FOR CHILDREN AND PUBLIC EDUCATION, a not-for-profit corporation organized under the laws of Maryland

Address of residence/chief executive office: 1201 16th Street, N.W., Washington, District of Columbia 20036

BANK: MANUFACTURERS AND TRADERS TRUST COMPANY, a New York banking corporation with banking offices at One M&T Plaza, Buffalo, New York 14240 Attention: Office of General Counsel

The Bank and the Borrower, intending to be legally bound, agree as follows:

1. DEFINITIONS.

- a. **Capital Expenditures.** The term "Capital Expenditures" means, for any fiscal year, the aggregate of all expenditures (whether paid in cash or accrued as liabilities, and including expenditures for obligations under any lease with respect to which Borrower's obligations thereunder should, in accordance with G.A.A.P., be capitalized and reflected as a liability on the balance sheet of Borrower) by Borrower during such period that are required by G.A.A.P. to be included in or reflected by the property, plant or equipment or similar fixed asset accounts on the balance sheet of Borrower.
- b. **Cash Flow.** The term "Cash Flow" means the sum of (i) net income after tax, dividends and distributions, plus (ii) depreciation expense and amortization, plus (iii) Interest Expense, all determined in accordance with G.A.A.P.
- c. **Cash Flow Coverage.** The term "Cash Flow Coverage" means the ratio of Cash Flow to the sum of (i) the current portion of all Long Term Debt as specified in the financial statement dated twelve (12) months prior, plus (ii) Interest Expense, all determined in accordance with G.A.A.P.
- d. **Credit.** The term "Credit" means any and all credit facilities and any other financial accommodations made by the Bank in favor of the Borrower whether now or hereafter in existence.
- e. **Current Assets.** The term "Current Assets" means, at any time, the aggregate amount of all current assets, including, but not limited to, cash, cash equivalents, marketable securities, receivables maturing within twelve (12) months from such time, and inventory (net of LIFO Reserve), but excluding prepaid expenses and officer, stockholder, employee and related entity advances and receivables, all as determined in accordance with G.A.A.P.
- f. **Current Liabilities.** The term "Current Liabilities" means, at any time, the aggregate amount of all liabilities and obligations which are due and payable on demand or within twelve (12) months from such time, or should be properly reflected as attributable to such twelve (12) month period in accordance with G.A.A.P.
- g. **Current Ratio.** The term "Current Ratio" means the ratio of Current Assets to Current Liabilities.
- h. **G.A.A.P.** The term "G.A.A.P." means, with respect to any date of determination, generally accepted accounting principles as used by the Financial Accounting Standards Board and/or the American Institute of Certified Public Accountants consistently applied and maintained throughout the periods indicated.
- i. **Interest Expense.** The term "Interest Expense" means all finance charges reflected on the income statement as interest expense for all obligations of Borrower to any person, including, but not limited to, Bank, as shown on the balance sheet in accordance with G.A.A.P.
- j. **Long Term Debt.** The term "Long Term Debt" means all obligations of Borrower to any person, including, but not limited to, the Obligations, payable more than twelve (12) months from the date of their creation, which in accordance with G.A.A.P. are shown on the balance sheet as a liability (excluding reserves for deferred income taxes) for the period then ended.
- k. **Obligations.** The term "Obligations" means any and all indebtedness or other obligations of the Borrower to the Bank in any capacity, now existing or hereafter incurred, however created or evidenced, regardless of kind, class or form, whether direct, indirect, absolute or contingent (including obligations pursuant to any guaranty, endorsement, other assurance of payment or otherwise), whether joint or several, whether from time to time reduced and thereafter increased, or entirely extinguished and thereafter reincurred, together with all extensions, renewals and replacements thereof, and all interest, fees, charges, costs or expenses which accrue on or in connection with the foregoing, including any indebtedness or obligations (i) not yet outstanding but contracted for, or with regard to which any other commitment by the Bank exists; (ii) arising prior to, during or after any insolvency of any bankruptcy, insolvency, receivership or other proceeding, regardless of whether allowed or allowable in such proceeding; (iii) owed by the Borrower to others and which the Bank obtained, or may obtain, by assignment or otherwise; and (iv) payable under this Agreement.
- l. **Quick Ratio.** The term "Quick Ratio" means the ratio of Current Assets less inventory (net of LIFO Reserve), to Current Liabilities.
- m. **Subordinated Debt.** The term "Subordinated Debt" means all indebtedness of the Borrower which has been formally subordinated to payment and collection of the Obligations.
- n. **Subsidiary.** The term "Subsidiary" means any corporation or other business entity of which at least fifty percent (50%) of the voting stock or other ownership interest is owned by the Borrower directly or indirectly through one or more Subsidiaries. If the Borrower has no Subsidiaries, the provisions of this Agreement relating to the Subsidiaries shall be disregarded, without affecting the applicability of such provisions to the Borrower alone.

- c. **Tangible Net Worth.** The term "Tangible Net Worth" means the aggregate assets of Borrower excluding all intangible assets, including, but not limited to, goodwill, licenses, trademarks, patents, copyrights, organization costs, appraisal surplus, officer, stockholder, related entity and employee advances or receivables, mineral rights and the like, less liabilities, plus Subordinated Debt, all determined in accordance with G.A.A.P. (except to the extent that under G.A.A.P. "tangible net worth" excludes leasehold improvements which are included in "Tangible Net Worth" as defined herein).
- d. **Total Liabilities.** The term "Total Liabilities" means the aggregate amount of all assets of the Borrower less the sum of shareholder equity and Subordinated Debt (if any), as shown on the balance sheet in accordance with G.A.A.P.
- e. **Transaction Documents.** The term "Transaction Documents" means this Agreement and all documents, instruments or other agreements by the Borrower in favor of the Bank in connection (directly or indirectly) with the Obligations, whether now or hereafter in existence, including promissory notes, security agreements, guarantees and letter of credit reimbursement agreements.
- f. **Working Capital.** The term "Working Capital" means that amount which is equal to the excess of Current Assets over Current Liabilities.

2. REPRESENTATIONS AND WARRANTIES. The Borrower makes the following representations and warranties and any "Additional Representations and Warranties" on the schedule attached hereto and made part hereof (the "Schedule"), all of which shall be deemed to be continuing representations and warranties as long as this Agreement is in effect:

- a. **Commercial Loan.** The Credit evidences a commercial loan and an extension of credit for a commercial purpose within the meaning of Md. Code, Commercial Law Art.
- b. **Good Standing; Authority.** The Borrower and each Subsidiary (if either is not an individual) is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it was formed. The Borrower and each Subsidiary is duly authorized to do business in each jurisdiction in which failure to be so qualified might have a material adverse effect on its business or assets and has the power and authority to own each of its assets and to use them in the ordinary course of business now and in the future.
- c. **Compliance.** The Borrower and each Subsidiary conducts its business and operations and the ownership of its assets in compliance with each applicable statute, regulation and other law, including environmental laws. All approvals, including authorizations, permits, consents, franchises, licenses, registrations, filings, declarations, reports and notices (the "Approvals") necessary for the conduct of the Borrower's and each Subsidiary's business and for the Credit have been duly obtained and are in full force and effect. The Borrower and each Subsidiary is in compliance with the Approvals. The Borrower and each Subsidiary (if either is not an individual) is in compliance with its certificate of incorporation, by-laws, partnership agreement, articles of organization, operating agreement or other applicable organizational or governing document as may be applicable to the Borrower or a Subsidiary depending on its organizational structure ("Governing Documents"). The Borrower and each Subsidiary is in compliance with each agreement to which it is a party or by which it or any of its assets is bound.
- d. **Legality.** The execution, delivery and performance by the Borrower of this Agreement and all related documents, including the Transaction Documents, (i) are in furtherance of the Borrower's purposes and within its power and authority; (ii) do not (A) violate any statute, regulation or other law or any judgment, order or award of any court, agency or other governmental authority or of any arbitrator with respect to the Borrower or any Subsidiary or (B) violate the Borrower's or any Subsidiary's Governing Documents (if either is not an individual), constitute a default under any agreement binding on the Borrower or any Subsidiary or result in a lien or encumbrance on any assets of the Borrower or any Subsidiary; and (iii) if the Borrower or any Subsidiary is not an individual, have been duly authorized by all necessary organizational actions.
- e. **Fiscal Year.** The fiscal year of the Borrower is the calendar year unless the following blank states otherwise: year ending _____.
- f. **Title to Assets.** The Borrower and each Subsidiary has good and marketable title to each of its assets free of security interests, mortgages or other liens or encumbrances, except as set forth on the Schedule titled "Permitted Liens" or pursuant to the Bank's prior written consent.
- g. **Judgments and Litigation.** There is no pending or threatened claim, audit, investigation, action or other legal proceeding or judgment, order or award of any court, agency or other governmental authority or arbitrator (any, an "Action") which involves the Borrower, its Subsidiaries or their respective assets and might have a material adverse effect upon the Borrower or any Subsidiary or threaten the validity of the Credit, any Transaction Document or any related document or action.
- h. **Full Disclosure.** Neither this Agreement nor any certificate, financial statement or other writing provided to the Bank by or on behalf of the Borrower or any Subsidiary contains any statement of fact that is incorrect or misleading in any material respect or omits to state any fact necessary to make any such statement not incorrect or misleading. The Borrower has not failed to disclose to the Bank any fact that might have a material adverse effect on the Borrower or any Subsidiary.

3. AFFIRMATIVE COVENANTS. So long as this Agreement is in effect, the Borrower will comply with any "Additional Affirmative Covenant" contained in the Schedule and shall:

- a. **Financial Statements and Other Information.** Promptly deliver to the Bank (i) within forty five (45) days after the end of each of its first three fiscal quarters, an unaudited consolidating and consolidated financial statement of the Borrower and each Subsidiary as of the end of such quarter, which financial statement shall consist of income and cash flows for the quarter, for the corresponding quarter in the previous fiscal year and for the period from the end of the previous fiscal year, with a consolidating and consolidated balance sheet as of the quarter end all in such detail as the Bank may request; (ii) within one hundred eighty (180) days after the end of each fiscal year, consolidating and consolidated statements of the Borrower's and each Subsidiary's income and cash flows and its

consolidating and consolidated balance sheet as of the end of such fiscal year, setting forth comparative figures for the preceding fiscal year and so be (check applicable box, if no box is checked the financial statements shall be audited):

audited

reviewed

compiled

by an independent certified public accountant acceptable to the Bank; all such statements shall be certified by the Borrower's chief financial officer to be correct and in accordance with the Borrower's and each Subsidiary's records and to present fairly the results of the Borrower's and each Subsidiary's operations and cash flows and its financial position at year end; and (iii) with each statement of income, a certificate executed by the Borrower's chief executive and chief financial officers or other such person responsible for the financial management of the Borrower (A) setting forth the computations required to establish the Borrower's compliance with each financial covenant, if any, during the statement period, (B) stating that the signers of the certificate have reviewed this Agreement and the operations and condition (financial or other) of the Borrower and each of its Subsidiaries during the relevant period and (C) stating that (i) Event of Default occurred during the period, or if an Event of Default did occur, describing its nature, the date(s) of its occurrence or period of existence and what action the Borrower has taken with respect thereto. The Borrower shall also promptly provide the Bank with copies of all annual reports, proxy statements and similar information distributed to shareholders, partners or members, and copies of all filings with the Securities and Exchange Commission and the Pension Benefit Guaranty Corporation, and shall provide, in form satisfactory to the Bank, such additional information, reports or other information as the Bank may from time to time reasonably request regarding the financial and business affairs of the Borrower or any Subsidiary. If the Borrower is an individual, the Borrower shall provide annually a personal financial statement in form and detail acceptable to the Bank and such other financial information as the Bank may from time to time reasonably request.

- b. **Accounting; Tax Returns and Payment of Claims.** The Borrower and each Subsidiary will maintain a system of accounting and reserves in accordance with generally accepted accounting principles, has filed and will file each tax return required of it and, except as disclosed in the Schedule, has paid and will pay when due each tax assessment, fee, charge, fine and penalty imposed by any taxing authority upon it or any of its assets, income or franchises, as well as all amounts owed to mechanics, materialmen, landlords, suppliers and the like in the normal course of business.
 - c. **Inspections.** Promptly upon the Bank's request, the Borrower will permit, and cause its Subsidiaries to permit, the Bank's officers, attorneys or other agents to inspect its and its Subsidiary's premises, examine and copy its records and discuss its and its Subsidiary's business, operations and financial or other condition with its and its Subsidiary's responsible officers and independent accountants.
 - d. **Operating Accounts.** Maintain, and cause its Subsidiaries to maintain, all bank accounts with the Bank.
 - e. **Changes in Management and Control.** If the Borrower is not an individual, immediately upon any change in the identity of the Borrower's chief executive officers or in its beneficial ownership, the Borrower will provide to the Bank a certificate executed by its senior individual authorized to transact business on behalf of the Borrower, specifying such change.
 - f. **Notice of Defaults and Material Adverse Changes.** Immediately upon acquiring reason to know of (i) any Event of Default, (ii) any event or condition that might have a material adverse effect upon the Borrower or any Subsidiary or (iii) any Action, the Borrower will provide to the Bank a certificate executed by the Borrower's senior individual authorized to transact business on behalf of the Borrower, specifying the case(s) and nature of the event or the Action and what action the Borrower or its Subsidiary has taken or proposes to take with respect to it.
 - g. **Insurance.** Maintain its, and cause its Subsidiaries to maintain, property in good repair and will on request provide the Bank with evidence of insurance coverage satisfactory to the Bank, including fire and hazard, liability, workers' compensation and business interruption insurance and flood hazard insurance as required.
 - h. **Further Assurances.** Promptly upon the request of the Bank, the Borrower will execute, and cause its Subsidiaries to execute, and deliver each writing and take each other action that the Bank deems necessary or desirable in connection with any transaction contemplated by this Agreement.
4. **NEGATIVE COVENANTS.** As long as this Agreement is in effect, the Borrower shall not violate, and shall not suffer or permit any of its Subsidiaries to violate, any of the following covenants and any "Additional Negative Covenant" on the Schedule. The Borrower shall not:
- a. **Indebtedness.** Permit any indebtedness (including direct and contingent liabilities) not described on the Schedule titled "Permitted Indebtedness" except for trade indebtedness or current liabilities for salary and wages incurred in the ordinary course of business and not substantially overdue.
 - b. **Guarantees.** Become a guarantor, a surety, or otherwise liable for the debts or other obligations of another, whether by guaranty or suretyship agreement, agreement to purchase indebtedness, agreement for furnishing funds through the purchase of goods, supplies or services (or by way of stock purchase, capital contribution, advance or loan) for the purpose of paying or discharging indebtedness, or otherwise, except as an endorser of instruments for the payment of money deposited to its bank account for collection in the ordinary course of business and except as may be specified in the Schedule titled "Permitted Guarantees".
 - c. **Liens.** Permit any of its assets to be subject to any security interest, mortgage or other lien or encumbrance, except as set forth on the Schedule titled "Permitted Liens" and except for liens for property taxes not yet due; pledges and deposits to secure obligations or performance for workers' compensation, bids, tenders, contracts other than notes, appeal bonds or public or statutory obligations; and materialmen's, mechanics', carriers' and similar liens arising in the normal course of business.
 - d. **Investments.** Make any investment other than in FDIC insured deposits or United States Treasury obligations of less than one year, or in money market or mutual funds administering such investments, except as set forth on the Schedule titled "Permitted Investments".
 - e. **Loans.** Make any loan, advance or other extension of credit except as disclosed on the Schedule titled "Permitted Loans", except for endorsements of negotiable instruments deposited to the Borrower's deposit account for collection, trade credit in the normal course of business and intercompany loans approved in writing by the Bank.

- f. **Distributions.** If the Borrower is not an individual, declare or pay any distribution, except for (i) dividends payable solely in stock and (ii) cash dividends paid to the Borrower by its Subsidiary.
- g. **Changes in Form.** (i) Transfer or dispose of substantially all of its assets, (ii) acquire substantially all of the assets of any other entity, (iii) do business under or otherwise use any name other than its true name or (iv) make any material change in its business, structure, purposes or operations that might have a material adverse effect on the Borrower or any of its Subsidiaries. If the Borrower or any Subsidiary is not an individual, (i) participate in any merger, consolidation or other absorption or (ii) make, terminate or permit to be revoked any election pursuant to Subchapter S of the Internal Revenue Code.

6. FINANCIAL COVENANTS. During the term of this Agreement, the Borrower shall not violate, and shall not suffer or permit any of its Subsidiaries to violate, any of the following covenants (complete applicable financial covenant) or any "Additional Financial Covenants" on the Schedule. For purposes of this Section, if the Borrower has any Subsidiaries all references to the Borrower shall include the Borrower and all of its Subsidiaries on a consolidated basis. Unless a different measurement period is specified, compliance for the financial covenants shall be required at all times.

- a. Borrower shall maintain Tangible Net Worth of not less than \$ _____, measured (select one: quarterly or annually) _____ as of each (select one: quarter or fiscal year) _____ end.
- b. Borrower shall maintain a ratio of Total Liabilities to Tangible Net Worth of not greater than _____:_____, measured (select one: quarterly or annually) _____ as of each (select one: quarter or fiscal year) _____ end.
- c. Borrower shall maintain a Current Ratio of not less than _____:_____, measured (select one: quarterly or annually) _____ as of each (select one: quarter or fiscal year) _____ end.
- d. Borrower shall maintain Working Capital of not less than \$ _____, measured (select one: quarterly or annually) _____ as of each (select one: quarter or fiscal year) _____ end.
- e. Borrower shall maintain Cash Flow Coverage of not less than _____:_____, measured for the previous four quarters as of each (select one: quarter or fiscal year) _____ end.
- f. Without the prior written consent of Bank, Borrower shall not make any Capital Expenditures in excess of \$ _____ in the aggregate during any fiscal year of Borrower.
- g. Borrower shall not pay or accrue during any fiscal year compensation (including but not limited to all salary, bonuses, consulting, management or other fees, rentals and other payments to any person owning or managing 5% or more of the Borrower or any relative or cohabitant of such a person, and to any entity under common control with or controlling the Borrower) exceeding \$ _____ in the aggregate.
- h. Borrower shall not become obligated as lessee pursuant to operating leases exceeding \$ _____ in the aggregate during any fiscal year.

6. DEFAULT.

- a. **Events of Default.** Any of the following events or conditions shall constitute an "Event of Default": (i) failure by the Borrower to pay when due (whether at the stated maturity, by acceleration, upon demand or otherwise) the Obligations, or any part thereof, or there occurs any event or condition which after notice, lapse of time or after both notice and lapse of time will permit acceleration of any Obligation; (ii) default by the Borrower in the performance of any obligation, term or condition of this Agreement, the other Transaction Obligation; (iii) default by the Borrower or any of its affiliates or subsidiaries (collectively, "Affiliates"); (iv) failure by the Documents or any other agreement with the Bank or any of its affiliates or subsidiaries (collectively, "Affiliates"); (v) failure by the Borrower to pay when due (whether at the stated maturity, by acceleration, upon demand or otherwise) any indebtedness or obligation owing to any third party or any Affiliate, the occurrence of any event which could result in acceleration of payment of any such owing to any third party or any Affiliate, the occurrence of any event which could result in acceleration of payment of any such owing to any third party or any Affiliate; (vi) the Borrower is dissolved, indebtedness or obligation or the failure to perform any agreement with any third party or any Affiliate; (vii) the Borrower becomes insolvent, generally fails to pay or admits in writing its inability generally to pay its debts as they become due; (viii) the Borrower makes a general assignment, arrangement or composition agreement with or for the benefit of its creditors or makes, or sends notice of any intended, bulk sale; the sale, assignment, transfer or delivery of all or substantially all of the assets of the Borrower to a third party; or the cessation by the Borrower as a going business concern; (ix) the Borrower files a petition in bankruptcy or institutes any action under federal or state law for the relief of debtors or seeks or consents to the appointment of an administrator, receiver, custodian or similar official for the wind up of its business (or has such a petition or action filed against it and such petition, action or appointment is not dismissed or stayed within forty-five (45) days); (x) the reorganization, merger, consolidation or dissolution of the Borrower (or is not dismissed or stayed within forty-five (45) days); (xi) the death or judicial declaration of incompetency of the Borrower, if an individual; (xii) the making of any agreement therefor; (xiii) the death or judicial declaration of incompetency of the Borrower, if an individual; (xiv) the entry of any judgment or order of any court, other governmental authority or arbitrator against the Borrower; (xv) falsity, omission or inaccuracy of facts submitted to the Bank or any Affiliate (whether in a financial statement or otherwise); (xvi) an adverse change in the Borrower, its business, assets, operations, affairs or condition (financial or otherwise) from the status shown on any financial statement or other document submitted to the Bank or any Affiliate, and which change the Bank determines will have a material adverse affect on (a) the Borrower, its business, assets, operations or condition (financial or otherwise), or (b) the ability of the Borrower to pay or perform the Obligations; (xvii) any pension plan of the Borrower fails to comply with applicable law or has vested unfunded liabilities that, in the opinion of the Bank, might have a material adverse effect on the Borrower's ability to repay its debts; (xviii) any indication or evidence received by the Bank that the Borrower may have directly or indirectly been engaged in any type of activity which, in the Bank's discretion, might result in the forfeiture or any property of the Borrower to any governmental authority; (xix) the occurrence of any event described in Section 6(a)(i) through and including 6(a)(xii) with respect to any Subsidiary or to any endorser, guarantor or any other party liable for, or whose assets or any interest therein secures, payment of any of the Obligations; or (xx) the Bank in good faith deems itself insecure with respect to payment or performance of the Obligations.
- b. **Rights and Remedies Upon Default.** Upon the occurrence of any Event of Default, the Bank without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law) to or upon the Borrower, any Subsidiary or any other person (all and each of which demands, presentments, protests, advertisements and notices are hereby

waived), may exercise all rights and remedies under the Borrower's or its Subsidiaries' agreements with the Bank or its Affiliates, applicable law, in equity or otherwise and may declare all or any part of any Obligations not payable on demand to be immediately due and payable without demand or notice of any kind and terminate any obligation it may have to grant any additional loan, credit or other financial accommodation to the Borrower or any Subsidiary. All or any part of any Obligations whether or not payable on demand, shall be immediately due and payable automatically upon the occurrence of an Event of Default in Section 9(a)(vi) above. The provisions hereof are not intended in any way to affect any rights of the Bank with respect to any Obligations which may now or hereafter be payable on demand.

7. EXPENSES. The Borrower shall pay to the Bank on demand all costs and expenses (including all fees and disbursements of counsel retained for advice, suit, appeal or other proceedings or purpose and of any experts or agents it may retain), which the Bank may incur in connection with (i) the administration of the Obligations, including any administrative fees the Bank may impose for the preparation of discharges, releases or assignments to third-parties; (ii) the enforcement and collection of any Obligations or any guaranty thereof; (iv) the exercise, performance, enforcement or protection of any of the rights of the Bank hereunder; or (v) the failure of the Borrower or any Subsidiary to perform or observe any provision hereof. After such demand for payment of any cost, expense or fee under this Section or elsewhere under this Agreement, the Borrower shall pay Interest at the highest default rate specified in any instrument evidencing any of the Obligations from the date payment is demanded by the Bank to the date reimbursed by the Borrower. All such costs, expenses or fees under this Agreement shall be added to the Obligations.

8. TERMINATION. This Agreement shall remain in full force and effect until (i) all Obligations outstanding, or contended or committed for (whether or not outstanding), shall be finally and irrevocably paid in full and (ii) all Transaction Documents have been terminated by the Bank.

9. RIGHT OF SETOFF. If an Event of Default occurs, the Bank shall have the right to set off against the amounts owing under this Agreement and the other Transaction Documents any property held in a deposit or other account or otherwise with the Bank or its Affiliates or otherwise owing by the Bank or its Affiliates in any capacity to the Borrower, its Subsidiary or any guarantor of, or endorser of any of the Transaction Documents evidencing the Obligations. Such setoff shall be deemed to have been exercised immediately at the time the Bank or such Affiliate elect to do so.

10. MISCELLANEOUS.

- a. **Notices.** Any demand or notice hereunder or under any applicable law pertaining hereto shall be in writing and duly given if delivered to Borrower (at its address on the Bank's records) or to the Bank (at the address on page one and separately to the Bank officer responsible for Borrower's relationship with the Bank). Such notice or demand shall be deemed sufficiently given for all purposes when delivered (i) by personal delivery and shall be deemed effective when delivered, or (ii) by mail or courier and shall be deemed effective three (3) business days after deposit in an official depository maintained by the United States Post Office for the collection of mail or one (1) business day after delivery to a nationally recognized overnight courier service (e.g., Federal Express). Notice by e-mail is not valid notice under this or any other agreement between Borrower and the Bank.
- b. **Generally Accepted Accounting Principles.** Any financial calculation to be made, all financial statements and other financial information to be provided, and all books and records, system of accounting and reserves to be kept in connection with the provisions of this Agreement, shall be in accordance with generally accepted accounting principles consistently applied during each interval and from interval to interval; provided, however, that in the event changes in generally accepted accounting principles shall be mandated by the Financial Accounting Standards Board or any similar accounting body of comparable standing, or should be recommended by Borrower's certified public accountants, to the extent such changes would affect any financial calculations to be made in connection therewith, such changes shall be implemented in making such calculations only from and after such date as Borrower and the Bank shall have attended this Agreement to the extent necessary to reflect such changes in the financial and other covenants to which such calculations relate.
- c. **Indemnification.** If after receipt of any payment of all, or any part of, the Obligations, the Bank is, for any reason, compelled to surrender such payment to any person or entity because such payment is determined to be void or voidable as a preference, an impermissible setoff, or a diversion of trust funds, or for any other reason, the Transaction Documents shall continue in full force and the Borrower shall be liable, and shall indemnify and hold the Bank harmless for, the amount of such payment surrendered. The provisions of this Section shall be and remain effective notwithstanding any contrary action which may have been taken by the Bank in reliance upon such payment, and any such contrary action so taken shall be without prejudice to the Bank's rights under the Transaction Documents and shall be deemed to have been conditioned upon such payment having become final and irrevocable. The provisions of this Section shall survive the termination of this Agreement and the Transaction Documents.
- d. **Further Assurances.** From time to time, the Borrower shall take, and cause its Subsidiaries to take, such action and execute and deliver to the Bank such additional documents, instruments, certificates, and agreements as the Bank may reasonably request to effectuate the purposes of the Transaction Documents.
- e. **Cumulative Nature and Non-Exclusive Exercise of Rights and Remedies.** All rights and remedies of the Bank pursuant to this Agreement and the Transaction Documents shall be cumulative, and no such right or remedy shall be exclusive of any other such right or remedy. In the event of any unresolvable inconsistencies, this Agreement shall control. No single or partial exercise by the Bank of any right or remedy pursuant to this Agreement or otherwise shall preclude any other or further exercise thereof, or any exercise of any other such right or remedy, by the Bank.
- f. **Governing Law; Jurisdiction.** This Agreement has been delivered to and accepted by the Bank and will be deemed to be made in the State of Maryland. Unless provided otherwise under federal law, this Agreement will be interpreted in accordance with the laws of the State of Maryland excluding its conflict of laws rules. BORROWER HEREBY IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT IN THE STATE OF MARYLAND IN A COUNTY OR JUDICIAL DISTRICT WHERE THE BANK MAINTAINS A BRANCH AND CONSENTS THAT THE BANK MAY EFFECT ANY SERVICE OF PROCESS IN THE MANNER AND AT BORROWER'S ADDRESS SET FORTH ABOVE FOR PROVIDING NOTICE OR DEMAND; PROVIDED THAT NOTHING CONTAINED IN THIS AGREEMENT WILL PREVENT THE BANK FROM BRINGING ANY ACTION, ENFORCING ANY AWARD OR JUDGMENT OR EXERCISING ANY RIGHTS AGAINST BORROWER INDIVIDUALLY, AGAINST ANY SECURITY OR

25038710016
AGAINST ANY PROPERTY OF BORROWER WITHIN ANY OTHER COUNTRY OR OTHER FOREIGN OR DOMESTIC JURISDICTION. Borrower acknowledges and agrees that the venue provided above is the most convenient forum for both the Bank and Borrower. Borrower waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Agreement.

- g. **Joint and Several; Successors and Assigns.** If there is more than one Borrower, each of them shall be jointly and severally liable for all amounts, which become due, and the performance of all obligations under this Agreement, and the term "the Borrower" shall include each as well as all of them. This Agreement shall be binding upon the Borrower and upon its heirs and legal representatives, its successors and assignees, and shall inure to the benefit of, and be enforceable by, the Bank, its successors and assignees and each direct or indirect assignee or other transferee of any of the Obligations; provided, however, that the Agreement may not be assigned by the Borrower without the prior written consent of the Bank.
- h. **Waivers; Changes in Writing.** No failure or delay of the Bank in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The Borrower expressly disclaims any reliance on any course of dealing or usage of trade or oral representation of the Bank (including representations to make loans to the Borrower) and agrees that none of the foregoing shall operate as a waiver of any right or remedy of the Bank. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances. No waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless made specifically in writing by the Bank and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No modification to any provision of this Agreement shall be effective unless made in writing in an agreement signed by the Borrower and the Bank.
- i. **Interpretation.** Unless the context otherwise clearly requires, references to plural includes the singular and references to the singular include the plural; references to "individual" shall mean a natural person and shall include a natural person doing business under an assumed name (e.g., a "DBA"); the word "or" has the inclusive meaning represented by the phrase "and/or"; the word "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; and captions or section headings are solely for convenience and not part of the substance of this Agreement. Any representation, warranty, covenant or agreement herein shall survive execution and delivery of this Agreement and shall be deemed continuous. Each provision of this Agreement shall be interpreted as consistent with existing law and shall be deemed amended to the extent necessary to comply with any conflicting law. If any provision nevertheless is held invalid, the other provisions shall remain in effect. The Borrower agrees that in any legal proceeding, a photocopy of this Agreement kept in the Bank's course of business may be admitted into evidence as an original.
- j. **Waiver of Jury Trial.** THE BORROWER AND THE BANK HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE ANY RIGHT TO TRIAL BY JURY THE BORROWER AND THE BANK MAY HAVE IN ANY ACTION OR PROCEEDING, IN LAW OR IN EQUITY, IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTIONS RELATED HERETO. THE BORROWER REPRESENTS AND WARRANTS THAT NO REPRESENTATIVE OR AGENT OF THE BANK HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WILL NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THIS JURY TRIAL WAIVER. THE BORROWER ACKNOWLEDGES THAT THE BANK HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE PROVISIONS OF THIS SECTION.

Acknowledgment. Borrower acknowledges that it has read and understands all the provisions of this Agreement, including the Governing Law, Jurisdiction and Waiver of Jury Trial, and has been advised by counsel as necessary or appropriate.

WITNESS the due execution hereof as a SEALED INSTRUMENT the day and year first above written.

Date: 10-27-04, 2004

TIN # 52-1148981

NATIONAL EDUCATION ASSOCIATION FUND FOR CHILDREN AND PUBLIC EDUCATION

By: John Wilson (L.S.)
John Wilson, Treasurer

Witness: Joseph D. Talcott (L.S.)
(Signature)

Joseph Talcott
(Typed Name)

ACCEPTED:

Date: _____, 2004

MANUFACTURERS AND TRADERS TRUST COMPANY

By: Robert Nicholls, Vice President
(L.S.)

25038710017

FOR BANK USE ONLY

Authorization Confirmed: _____
(as required per Credit Policy Manual Section 4.15.10, paragraph 1)

SCHEDULE

Additional Representations and Warranties (§2)

Compliance with all laws, including ERISA.

Additional Affirmative Covenants (§3)

All NEA Fund cash receipts to be deposited in M & T Bank

Borrower to be out of borrowing at least 30 consecutive days each year.

Permitted indebtedness (§4(a))

Permitted Guarantees (§4(b))

Permitted Liens (§4(c))

Permitted Investments (§4(d))

Permitted Loans (§4(e))

Additional Financial Covenants (§5)

**BORROWING RESOLUTION
SCHEDULE A TO GENERAL CERTIFICATE**



FROM: NATIONAL EDUCATION ASSOCIATION FUND FOR CHILDREN AND PUBLIC EDUCATION (the "Company")

RE: Company General Certificate dated _____, 2004

RESOLVED, that any person with the following title or position: **Treasurer** (by title or position only (each severally, an "Authorized Person") may on behalf of and in the name of the Company or otherwise transact with and through Manufacturers and Traders Trust Company, M&T Bank, National Association, M&T Real Estate, Inc., and any of their affiliates (any or collectively, a "Lender"), all such business as he or she (they) shall deem advisable upon such terms as he or she (they) shall deem proper including, but not limited to (i) obtaining loans, credits and other financial accommodations; (ii) discounting, selling, assigning, delivering and negotiating checks, drafts, bills of exchange, acceptances, notes and other writings containing a promise of, or order for, the payment of money (individually an "Item" and collectively "Items"); (iii) guaranteeing and otherwise becoming contingently liable for obligations of others; (iv) applying for services or products from a Lender ("Services and Products") including, without limitation, letters of credit, electronic funds transfers, Internet products, capital markets products, deposit and cash management products; and (v) pledging, hypothecating, assigning, mortgaging, encumbering, granting security interests in and otherwise creating liens upon property, whether real or personal, tangible or intangible ("Property"), as security for credits and for guarantees and other contingent liabilities. In connection with any such transaction or business, each Authorized Person has the power and authority on behalf of the Company to do all such acts and other things as he or she (they) shall deem proper, including but not limited to (i) signing, drawing, accepting, endorsing, executing and delivering Items; (ii) executing and delivering notes, guarantees, assignments, pledges, hypothecations, mortgages, deeds of trust, security agreements, powers of attorney, indemnifications, receipts, waivers, releases and other instruments, agreements and documents; (iii) making and receiving delivery of Property; and (iv) accepting, receiving, withdrawing and waiving demands and notices; (v) incurring and paying liabilities, costs and expenses; and (vi) delegating to one or more people (who may be, but need not be, an Authorized Person) the power and authority granted to any Authorized Person herein or as set forth in an agreement with respect to any credit, Service or Product, including the authority to request advances from a Lender under one or more credits with a Lender. Without limiting the generality of the foregoing, each Authorized Person has the power and authority on behalf of the Company to obtain from a Lender from time to time upon such terms as he or she (they) shall deem proper, credits in such amounts as they deem necessary; and be it further

RESOLVED, that without limiting the generality of the foregoing, the Company hereby specifically authorizes loans under Daily LIBOR Grid, the total of the outstanding principal amounts of which shall not at any one time exceed \$500,000.00; and be it further

RESOLVED, that the authority given hereunder shall be deemed retroactive and any and all signatures, endorsements heretofore executed and all other actions heretofore taken (including agreements made electronically (e.g., over the Internet)) by one or more of the Company's officers, members, partners or other persons, employees acting on behalf of the Company in any capacity (including Authorized Persons), and their delegates, (acting jointly or separately) are hereby adopted, ratified and confirmed; and be it further

RESOLVED, that any individual who holds the position or title identified above as an Authorized Person, and each person or persons designated by an Authorized Person to act on behalf of the Company (who may, but need not be, an Authorized Person), shall have the power and authority to transact business and bind the Company through electronic medium (e.g., the Internet) and the Lender may rely on any of the following to the same extent as the actual signature and proof of identity of each such person to bind the Company: any electronic signature or digital signature, under applicable law, of such person; any identifier issued by the Lender, its affiliates or any other party (e.g., Personal Identification Number associated with ATM or other card or any access device) to such person; or any other criteria that the Lender may reasonably rely on which may serve as an indicator of authentication for such person; and be it further

RESOLVED, that the foregoing resolutions shall remain in full force and effect and may be relied upon by a Lender, notwithstanding the dissolution or termination of existence of the Company or any change in the identity of, or any modification or termination of any authority of, any Authorized Person, until a copy of a subsequent resolution revoking or amending them, duly certified by an Authorized Person of the Company, shall be actually received by the account officer of a Lender responsible for the obligations of the Company and such Lender shall have had a reasonable time to act thereon; and any action taken by a Lender prior to such actual receipt and passage of time shall be binding upon the Company, irrespective of when such resolutions may have been adopted.



**LIBOR GRID NOTE
(DAILY LIBOR)**
Maryland

, 2004

\$500,000.00

BORROWER: NATIONAL EDUCATION ASSOCIATION FUND FOR CHILDREN AND PUBLIC EDUCATION, a not-for-profit corporation organized under the laws of Maryland

Address of residence/chief executive office: 1201 16th Street, N.W., Washington, District of Columbia 20036

BANK: MANUFACTURERS AND TRADERS TRUST COMPANY, a New York banking corporation with banking offices at One M&T Plaza, Buffalo, New York 14240 Attention: Office of General Counsel

1. DEFINITIONS. Each capitalized term shall have the meaning specified herein and the following terms shall have the indicated meanings:

- a. "**Authorized Person**" shall mean, each individually, John Wilson, Treasurer and Frederick Sutman, Secretary. Mention of the Authorized Person's name is for reference purposes only and the Bank may rely on a person's title to ascertain whether someone is an Authorized Person.
- b. "**Base Rate**" shall mean 1 percentage point above the highest prime rate published in **The Wall Street Journal** in its table entitled "Money Rates" or such similar publication, quoting service or commonly available source used by the Bank for determining prime rate of interest ("Prime").
- c. "**Base Rate Loan**" shall mean a Loan which bears interest at the Base Rate.
- d. "**Business Day**" shall mean any day of the year other than a day on which banking institutions in New York, New York are authorized or required by law or other governmental action to close.
- e. "**Conversion Date**" shall mean the date on which Borrower's election to convert a Base Rate Loan to a LIBOR Rate Loan, or a LIBOR Rate Loan to a Base Rate Loan, becomes effective in accordance with this Note.
- f. "**Draw Date**" shall mean, in relation to any loan, the Business Day on which such loan is made, or to be made, to Borrower pursuant to the Note.
- g. "**LIBOR Rate Loan**" shall mean a Loan which bears interest at the LIBOR Rate.
- h. "**LIBOR**" shall mean the rate obtained by dividing (i) the one-day (or multiple day, as applicable, in contemplation of succeeding days in which the London Interbank Eurodollar Market is expected to be closed) interest period London Interbank Offered Rate, as fixed by the British Bankers Association for United States dollar deposits in the London Interbank Eurodollar Market at approximately 11:00 a.m. London, England time (or as soon thereafter as practicable) each day (or if such day is a non-Business Day, as fixed in the same manner on the immediately preceding Business Day, which day's rate shall apply to the immediately succeeding non-Business Days), as determined by the Bank from any broker, quoting service or commonly available source utilized by the Bank, by (ii) a percentage equal to 100% minus the stated maximum rate of all reserves required to be maintained against "Eurocurrency Liabilities" as specified in Regulation D (or against any other category of liabilities, which includes deposits by reference to which the interest rate on LIBOR Rate Loan(s) is determined, or any category of extensions of credit or other assets which includes loans by a non-United States' office of a bank to United States' residents) on such date to any member bank of the Federal Reserve System.

- i. "**LIBOR Rate**" shall mean 2.5 percentage points above LIBOR.

- j. "**Loan**" means a loan made to Borrower by the Bank pursuant to this Note.

- k. "**Maximum Principal Amount**" shall mean FIVE HUNDRED THOUSAND DOLLARS AND NO CENTS (\$500,000.00).

- l. "**Outstanding Principal Amount**" shall mean the actual outstanding principal amount under this Note at any time.

2. PAYMENT OF PRINCIPAL, INTEREST AND EXPENSES.

- a. **Promise to Pay.** For value received, and intending to be legally bound, Borrower promises to pay to the order of the Bank on demand, the Maximum Principal Amount, or the Outstanding Principal Amount, if less; plus interest as set forth below and all fees and costs (including without limitation attorneys' fees and disbursements, whether for internal or outside counsel) the Bank incurs in order to collect any amount due under this Note, to negotiate or document a workout or restructuring, or to preserve its rights or realize upon any guaranty or other security for the payment of this Note ("Expenses").

- b. **Interest.** Each Loan shall earn interest on the Outstanding Principal Amount thereof calculated on the basis of a 360-day year for the actual number of days of each year (365 or 366), as follows:

- i. **LIBOR Rate Loans.** Interest shall accrue each day on a LIBOR Rate Loan, from and including the first date the LIBOR Rate Loan was made (i.e., the Draw Date or the Conversion Date, as the case may be) to, but not including, the date such LIBOR Rate Loan is paid in full or converted to a Base Rate Loan, at a rate per annum equal to the LIBOR Rate in effect that day.

- ii. **Base Rate Loans.** Interest shall accrue each day on a Base Rate Loan, from and including the first date the Base Rate Loan was made (i.e., the Draw Date or the Conversion Date, as the case may be) to, but not including, the date such Base Rate Loan is paid in full or converted to a LIBOR Rate Loan, at a rate per annum equal to the Base Rate in effect that day. Any change in the Base Rate resulting from a change in Prime shall be effective on the date of such change.

c. **Maximum Legal Rate.** It is the intent of the Bank and of Borrower that in no event shall interest be payable at a rate in excess of the maximum rate permitted by applicable law (the "Maximum Legal Rate"). Solely to the extent necessary to prevent interest under this Note from exceeding the Maximum Legal Rate, any amount that would be treated as excessive under a flat judicial interpretation of applicable law shall be deemed to have been a mistake and automatically canceled, and, if received by the Bank, shall be refunded to Borrower.

d. **Payments; Late Charge; Default Rate.** Payments shall be made in immediately available United States funds at any banking office of the Bank. Absent demand for payment in full, interest shall be due and payable monthly as invoiced. If payment is not received within five days of its due date, Borrower shall pay a late charge equal to the greatest of (a) 5% of the delinquent amount, (b) the Bank's then current late charge as announced by the Bank from time to time, or (c) \$50.00. In addition, if the Bank has not actually received any payment under this Note within thirty days after its due date, from and after such thirtieth day the interest rate for all amounts outstanding under this Note shall automatically increase to 5 percentage points above the higher of the Base Rate or the LIBOR Rate, and any judgment entered hereon or otherwise in connection with any suit to collect amounts due hereunder shall bear interest at such default rate. Payments may be applied in any order in the sole discretion of the Bank but, prior to demand, shall be applied first to past due interest, Expenses, late charges, and principal payments, if any, which are past due, then to current interest and Expenses and late charges, and last to remaining principal.

3. LOANS.

a. **General.** Any Loan hereunder shall either be in the form of a Base Rate Loan or a LIBOR Rate Loan. The Bank may make any Loan in reliance upon any oral, telephonic, written, teletransmitted or other request (the "Request(s)") that the Bank in good faith believes to be valid and to have been made by Borrower or on behalf of Borrower by an Authorized Person. The Bank may act on the Request of any Authorized Person until the Bank shall have received from Borrower, and had a reasonable time to act on, written notice revoking the authority of such Authorized Person. The Bank shall incur no liability to Borrower or to any other person as a direct or indirect result of making any Loan pursuant to this paragraph.

b. **Request for Loans.** In making any Request for a Loan, Borrower shall specify the applicable interest rate (LIBOR Rate or Base Rate), aggregate amount of such Loan and the Draw Date; provided, however, if a Request is received by the Bank after 2:00 p.m. (Eastern Standard Time) on any given day, the earliest possible Draw Date will be the next Business day; and

c. **Delivery of Requests.** Delivery of a Request for a LIBOR Rate Loan or a Base Rate Loan shall be made to the Bank at the following address, or such other address designated by the Bank from time to time:

Manufacturers and Traders Trust Company
 Attn: Robert A. McHugh
 Fax No. 202-661-7236
 Telephone No. 202-661-7234

4. CONVERSION ELECTIONS.

a. **Conversion Election.** An Authorized Person of Borrower may, upon irrevocable Request to the Bank,

- i. elect to convert on any Business Day any Base Rate Loan into a LIBOR Rate Loan; or
- ii. elect to convert on any Business Day any LIBOR Rate Loan into a Base Rate Loan;

b. **Notice of Conversion.**

i. For an election under Section 4(a)(i) or 4(a)(ii), an Authorized Person must deliver to the Bank by 2:00 p.m. (Eastern Standard Time) on a Business Day a Notice of Conversion ("Notice of Conversion"), specifying the aggregate amount of the Loans to be converted.

ii. The Conversion Date shall be the date the Bank receives the Notice of Conversion in accordance with the foregoing Section. If a Notice of Conversion is received after 2:00 p.m. (Eastern Standard Time), the Notice of Conversion will be deemed to have been received on the next Business Day.

iii. The Bank may take action on any Notice of Conversion in reliance upon any oral, telephonic, written, teletransmitted or other request (the "Request(s)") that the Bank in good faith believes to be valid and to have been made by Borrower or on behalf of Borrower by an Authorized Person. No Notice of Conversion may be delivered by e-mail. The Bank may act on the Notice of Conversion from any Authorized Person until the Bank shall have received from Borrower, and had a reasonable amount of time to act on, written notice revoking the authority of such Authorized Person. The Bank shall incur no liability to Borrower or to any other person as a direct or indirect result of acting on any Notice of Conversion under this Note. The Bank, in its sole discretion, may reject any Notice of Conversion that is incomplete.

c. **Conversion upon Default.** Unless the Bank shall otherwise consent in writing, if (i) Borrower has failed to pay when due, in whole or in part, the indebtedness under the Note (whether by demand or otherwise), or (ii) there exists a condition or event which, with the passage of time, the giving of notice or both, shall constitute an event of default under any of Borrower's agreement with the Bank, if any, Borrower may not elect to have an existing Loan converted to a LIBOR Rate Loan or have any new Loan made as a LIBOR Rate Loan. Further, the Bank, in its sole discretion, may convert any LIBOR Rate Loan to a Base Rate Loan. Notwithstanding the foregoing, if Borrower commences, or has commenced against it, any proceeding or request for relief under any bankruptcy, insolvency or similar laws now or hereafter in effect in the United States of America or any state or territory thereof or any foreign jurisdiction or any formal or informal proceeding for dissolution, liquidation or the settlement of claims against or winding up of affairs of Borrower (a "Bankruptcy Event"), any outstanding LIBOR Rate Loans shall be automatically converted to Base Rate Loans without further action by the Bank and Borrower's rights to have Base Rate Loans converted under Section 4(a)(ii) shall be automatically terminated. Nothing herein shall be construed to be a waiver by the Bank to have any Loan accrue interest at the Default Rate of interest (which shall be calculated from the higher of the LIBOR Rate or the Base Rate, as described above).

d. **Setoff.** The Bank shall have the right to set off against the amounts owing under this Note any property held in a deposit or other account with the Bank or any of its affiliates or otherwise owing by the Bank or any of its affiliates in any capacity to Borrower or any guarantor or endorser of this Note. Such set-off shall be deemed to have been exercised immediately at the time the Bank or such affiliate elect to do so.

8. DEMAND, DISCRETIONARY FACILITY.

a. **Discretionary Facility.** The Bank may modify, restrict, suspend or terminate the credit under this Note at any time for any reason and without affecting Borrower's then existing obligation under this Note. Any Request for a Loan hereunder shall be limited in amount, such that the sum of (i) the principal amount of such Request; (ii) the Outstanding Principal Amount under this Note; and (iii) the aggregate face amounts of (or, if greater, Borrower's aggregate reimbursement obligations to the Bank (or any of its affiliates) in connection with) any letters of credit issued by the Bank (or any of its affiliates) at the request (or for the benefit of) Borrower, pursuant to this credit, does not exceed the Maximum Principal Amount under this Note. Notwithstanding the above, the Bank shall have the sole and absolute discretion whether to make any Loan (or any portion of any Loan) requested by Borrower, regardless of any general availability under the Maximum Principal Amount.

b. **Demand Facility.** This Note is payable on demand, and all amounts hereunder shall become immediately due and payable upon demand by the Bank; provided, however, that the Outstanding Principal Amount of this Note and all accrued and unpaid interest shall automatically become immediately due and payable upon the occurrence of a Bankruptcy Event with regard to Borrower or any guarantor or endorser of this Note. Borrower hereby waives protest, presentment and notice of any kind in connection with this Note.

c. **Annual 30-Day Cleanup.** Borrower agrees that, once each year, it shall pay all principal, interest and Expenses outstanding under this Note at the commencement of a 30-day period chosen by Borrower. No Loans shall be requested or advanced during the 30-day period ("Annual Cleanup").

7. BANK RECORDS CONCLUSIVE. The Bank shall set forth on a schedule attached to this Note or maintained on computer, the date and original principal amount of each Loan and the date and amount of each payment to be applied to the Outstanding Principal Amount of this Note. This Outstanding Principal Amount set forth on any such schedule shall be presumptive evidence of the Outstanding Principal Amount of this Note and of all Loans. No failure by the Bank to make, and no error by the Bank in making, any annotation on any such schedule shall affect the Borrower's obligation to pay the principal and interest of each Loan or any other obligation of Borrower to the Bank pursuant to this Note.

8. PURPOSE. Borrower certifies (a.) that no Loan will be used to purchase margin stock except with the Bank's express prior written consent for each such purchase and (b.) that all Loans shall be used for a business purpose, and not for any personal, family or household purpose.

e. **Special Provisions - Loans of \$75,000 or Less.** If (a) Borrower is not a corporation and (b) the maximum principal amount of this Note stated above is \$75,000 or less, all loans are made under the Maryland Credit Grantor Revolving Credit Provisions (Md. Code, Commercial Law Art., Subtitle 9).

Special Provisions - Residential Loans. To the extent this Note has provisions providing for a default rate of interest or a prepayment premium, such provisions do not apply if the loan evidenced by this Note is (i) within the scope of the Section entitled "Special Provisions - Loans of \$75,000 or Less"; (ii) made to an individual or sole proprietor, and (iii) secured by owner-occupied real property having a dwelling on it designated principally as a residence with accommodations of not more than four families.

9. AUTHORIZATION. Borrower, if a corporation, partnership, limited liability company, trust or other entity, represents that it is duly organized and in good standing or duly constituted in the state of its organization and is duly authorized to do business in all jurisdictions material to the conduct of its business; that the execution, delivery and performance of this Note have been duly authorized by all necessary regulatory and corporate or partnership action or by its governing instrument; that this Note has been duly executed by an authorized officer, partner or trustee and constitutes a binding obligation enforceable against Borrower and not in violation of any law, court order or agreement by which Borrower is bound; and that Borrower's performance is not threatened by any pending or threatened litigation.

10. INABILITY TO DETERMINE LIBOR RATES, INCREASED COSTS, ILLEGALITY.

a. **Increased Costs.** If the Bank shall determine that due to either (a) the introduction of any change (other than any change by way of imposition of or increase in reserve requirements included in the calculation of LIBOR) in or in the interpretation of any requirement of law or (b) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to the Bank of agreeing to make or making, funding or maintaining any Loan at the LIBOR Rate, Borrower shall be liable for, and shall from time to time, upon demand therefor by the Bank and pay to the Bank such additional amounts as are sufficient to compensate the Bank for such increased costs.

b. **Inability to Determine Rates.** If the Bank shall determine that for any reason adequate and reasonable means do not exist for ascertaining LIBOR with respect to a proposed LIBOR Rate Loan, the Bank will give notice of such determination to Borrower. Thereafter, the Bank may not make or maintain, as the case may be, LIBOR Rate Loans hereunder until the Bank revokes such notice in writing. Upon receipt of such notice, any Notice of Conversion received from Borrower shall be deemed withdrawn, and Borrower may revoke any Request Borrower previously made for a LIBOR Rate Loan. If Borrower does not revoke any such Request, the Bank may make the Loans, as proposed by Borrower, in the amount specified in the applicable Request submitted by Borrower, but such Loans shall be made or continued as Base Rate Loans instead of LIBOR Rate Loans.

c. **Illegality.** If the Bank shall determine that the introduction of any law (statutory or common), treaty, rule, regulation, guideline or determination of an arbitrator or of a governmental authority or in the interpretation or administration thereof, has made it unlawful, or that any central bank or other governmental authority has asserted that it is unlawful for the Bank to make LIBOR Rate Loans, then, on notice thereof by the Bank to Borrower, the Bank may suspend the making of LIBOR Rate Loans until the Bank shall have notified Borrower that the circumstances giving rise to such determination shall no longer exist. If the Bank shall determine that it is unlawful to maintain any LIBOR Rate Loans, Borrower shall immediately pay to the Bank the aggregate principal amount of all LIBOR Rate Loans then outstanding, together with accrued interest and related Expenses. If Borrower is required to pay off any LIBOR Rate Loan as set forth in this subsection, then concurrently with such payment, Borrower may borrow from the Bank, in the amount of such payment, a Base Rate Loan.

11. MISCELLANEOUS. This Note, together with any related loan and security agreements and guarantees, contains the entire agreement between the Bank and Borrower with respect to the Note, and supersedes every course of dealing, other conduct, oral agreement and representation previously made by the Bank. All rights and remedies of the Bank under applicable law and this Note or amendment of any provision of this Note are cumulative and not exclusive. No single, partial or delayed exercise by the Bank of any right or remedy shall preclude subsequent exercise by the Bank at any time of any right or remedy of the Bank without notice. No waiver or amendment of any provision

or this Note shall be effective unless made specifically in writing by the Bank. No course of dealing or other conduct, no oral agreement or representation made by the Bank, and no usage of trade, shall operate as a waiver of any right or remedy of the Bank. No waiver of any right or remedy of the Bank shall be effective unless made specifically in writing by the Bank. Borrower agrees that in any legal proceeding, a copy of this Note kept in the Bank's course of business may be admitted into evidence as an original. This Note is a binding obligation enforceable against Borrower and its successors and assigns and shall inure to the benefit of the Bank and its successors and assigns. If a court deems any provision of this Note invalid, the remainder of the Note shall remain in effect. Section headings are for convenience only. Singular number includes plural and neuter gender includes masculine and feminine as appropriate.

12. NOTICES. Any demand or notice hereunder or under any applicable law pertaining hereto shall be in writing and duly given if delivered to Borrower (at its address on the Bank's records) or to the Bank (at the address on page one and separately to the Bank officer responsible for Borrower's relationship with the Bank). Such notice or demand shall be deemed sufficiently given for all purposes when delivered (i) by personal delivery and shall be deemed effective when delivered, or (ii) by mail or courier and shall be deemed effective three (3) business days after deposit in an official depository maintained by the United States Post Office for the collection of mail or one (1) business day after delivery to a nationally recognized overnight courier service (e.g., Federal Express). Notice by e-mail is not valid notice under this or any other agreement between Borrower and the Bank.

13. JOINT AND SEVERAL. If there is more than one Borrower, each of them shall be jointly and severally liable for all amounts which become due under this Note and the term "Borrower" shall include each as well as all of them.

14. GOVERNING LAW; JURISDICTION. This Note has been delivered to and accepted by the Bank and will be deemed to be made in the State of Maryland. Unless provided otherwise under federal law, this Note will be interpreted in accordance with the laws of the State of Maryland, excluding its conflict of laws rules. BORROWER HEREBY IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT IN THE STATE OF MARYLAND IN A COUNTY OR FEDERAL DISTRICT WHERE THE BANK MAINTAINS A BRANCH AND CONSENTS THAT THE BANK MAY EFFECT ANY SERVICE OF PROCESS IN THE MANNER AND AT BORROWER'S ADDRESS SET FORTH ABOVE FOR PROVIDING NOTICE OR DEMAND; PROVIDED THAT NOTHING CONTAINED IN THIS NOTE WILL PREVENT THE BANK FROM BRINGING ANY ACTION, ENFORCING ANY AWARD OR JUDGMENT OR EXERCISING ANY RIGHTS AGAINST BORROWER INDIVIDUALLY, AGAINST ANY SECURITY OR AGAINST ANY PROPERTY OF BORROWER WITHIN ANY OTHER COUNTY, STATE OR OTHER FOREIGN OR DOMESTIC JURISDICTION. Borrower acknowledges and agrees that the venue provided above is the most convenient forum for both the Bank and Borrower. Borrower waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Note.

15. WAIVER OF JURY TRIAL. BORROWER AND THE BANK HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE ANY RIGHT TO TRIAL BY JURY. BORROWER AND THE BANK MAY HAVE IN ANY ACTION OR PROCEEDING, IN LAW OR IN EQUITY, IN CONNECTION WITH THIS NOTE OR THE TRANSACTIONS RELATED HERETO. BORROWER REPRESENTS AND WARRANTS THAT NO REPRESENTATIVE OR AGENT OF THE BANK HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WILL NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THIS JURY TRIAL WAIVER. BORROWER ACKNOWLEDGES THAT THE BANK HAS BEEN INDUCED TO ENTER INTO THIS NOTE BY, AMONG OTHER THINGS, THE PROVISIONS OF THIS SECTION.

POWER TO CONFESS JUDGMENT. BORROWER HEREBY EMPOWERS ANY ATTORNEY OR ANY COURT OF RECORD TO APPEAR FOR BORROWER AND, WITH OR WITHOUT COMPLAINT FILED, CONFESS JUDGMENT, OR A SERIES OF JUDGMENTS, AGAINST BORROWER IN FAVOR OF THE BANK OR ANY HOLDER HEREOF FOR THE ENTIRE PRINCIPAL BALANCE OF THIS NOTE, ALL ACCRUED INTEREST AND ALL OTHER AMOUNTS DUE HEREUNDER, TOGETHER WITH COSTS OF SUIT AND AN ATTORNEY'S COMMISSION OF THE GREATER OF TEN PERCENT (10%) OF SUCH PRINCIPAL AND INTEREST OR \$1,000 ADDED AS A REASONABLE ATTORNEY'S FEE, AND FOR DOING SO THIS NOTE OR A COPY VERIFIED BY AFFIDAVIT SHALL BE A SUFFICIENT WARRANT. BORROWER HEREBY FOREVER WAIVES AND RELEASES ALL ERRORS IN SAID PROCEEDINGS AND ALL RIGHTS OF APPEAL AND ALL RELIEF FROM ANY AND ALL APPRAISEMENT, STAY OR EXEMPTION LAWS OF ANY STATE HOWsoever IN FORCE OR HEREAFTER ENACTED. INTEREST ON ANY SUCH JUDGMENT SHALL ACCRUE AT THE DEFAULT RATE. NO SINGLE EXERCISE OF THE FOREGOING POWER TO CONFESS JUDGMENT, OR A SERIES OF JUDGMENTS, SHALL BE DEEMED TO EXHAUST THE POWER, WHETHER OR NOT ANY SUCH EXERCISE SHALL BE HELD BY ANY COURT TO BE INVALID, VOIDABLE, OR VOID, BUT THE POWER SHALL CONTINUE UNDIMINISHED AND IT MAYBE EXERCISED FROM TIME TO TIME AS OFTEN AS THE BANK SHALL ELECT UNTIL SUCH TIME AS THE BANK SHALL HAVE RECEIVED PAYMENT IN FULL OF THE DEBT, INTEREST AND COSTS. THE PROVISIONS OF THIS SECTION DO NOT APPLY TO ANY LOAN EVIDENCED BY THIS NOTE THAT IS WITHIN THE SCOPE OF THE SECTION ENTITLED "SPECIAL PROVISIONS - LOANS OF \$75,000 OR LESS" AND MADE TO AN INDIVIDUAL, OR SOLE PROPRIETOR OR BORROWER.

Preauthorized Transfers from Deposit Account. If a deposit account number is provided in the following blank Borrower hereby authorizes the Bank to debit available funds in Borrower's deposit account #89512373 with the Bank automatically for any amount which becomes due under this Note or as directed by an Authorized Person, by telephone.

Acknowledgment. Borrower acknowledges that it has read and understands all the provisions of this Note, including the Confession of Judgment, Governing Law, Jurisdiction and Waiver of Jury Trial, and has been advised by counsel as necessary or appropriate.

WITNESS the due execution hereof as a SEALED INSTRUMENT the day and year first above written.

Tax ID/SSN 52-1140981

NATIONAL EDUCATION ASSOCIATION FUND FOR CHILDREN AND PUBLIC EDUCATION

By: John Wilson, Jr. (L.S.)
John Wilson, Treasurer

Signature of Witness: Joseph A. Talarico (L.S.)

Typed Name of Witness: Joseph A. Talarico

Federal Election Commission
ENVELOPE REPLACEMENT PAGE
FOR INCOMING DOCUMENTS

The FEC added this page to the end of this filing to indicate how it was received.

<input checked="" type="checkbox"/> Hand Delivered	Date of Receipt <i>1-28-05</i>
<input type="checkbox"/> USPS First Class Mail	Postmarked
<input type="checkbox"/> USPS Registered/Certified	Postmarked (R/C)
<input type="checkbox"/> USPS Priority Mail	Postmarked
	Delivery Confirmation™ Label <input type="checkbox"/>
<input type="checkbox"/> USPS Express Mail	Postmarked
<input type="checkbox"/> Postmark Illegible	
<input type="checkbox"/> No Postmark	
<input type="checkbox"/> Overnight Delivery Service (Specify):	Shipping Date
<input type="checkbox"/> Received from House Records & Registration Office	Date of Receipt
<input type="checkbox"/> Received from Senate Public Records Office	Date of Receipt
<input type="checkbox"/> Received from Electronic Filing Office	Date of Receipt
<input type="checkbox"/> Other (Specify):	Date of Receipt or Postmarked


PREPARER
(5/2004)

1-28-05
DATE PREPARED